Berkshire Endoscopy Center

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The Commonwealth of Massachusetts
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1. After reviewing the preliminary reports our experience does not differ from findings. Berkshire Endoscopy Center (BEC) has experienced flat net revenue and reimbursement this has remained consistent will all the providers of insurance both public and private. This is consistent with the findings.

2. Do we see trends in revenues from 2006 to 2008 or more recently.
   a. The rate of change in hospital outpatient facility prices and faster revenue growth compared with inpatient revenues and freestanding outpatient facility revenues is something that BEC cannot comment on. We have no information available to answer this.
   b. The growth of revenues for outpatient imaging services does not relate to our center, so again we are unable to comment.
   c. In 2006 BEC was a partnership consisting of 3 owner physicians. In 2007 we had one physician leave after the first quarter and a second significantly reduce their cases by the third quarter on 2007. In 2008, the number of procedures had begun to increase: however we had experienced decreasing reimbursement. Taking all of this into account it was determined that BEC experienced a 6% decrease in revenue from 2006-2008 on a per case basis. I have provided a chart to demonstrate the changes:

Case Mix	2006	2007	2008
Medicare	26%	26%	25%
BCBS	41%	41%	41%
Commercial	17%	16%	17%
HMO/PPO	7%	7%	6%
Self Pay*	9%	9%	11%

*includes uninsured, copay, deductibles

This signifies that the net revenues has been flat with no change for the 3 year period.

3. One or two most important underlying causes of our experience are:
    a. BEC has had no growth in outpatient facility prices per services. We cannot speak to the Outpatient Hospital facility services. Fact, Medicare reimbursement has declined by an average of 1% from 2006-2008.
    b. BEC is underutilized in the community and has space for growth by adding additional providers of service to perform procedures. This would provide ease of access timeliness of care and cost containment to the patients in Berkshire County. We have made numerous attempts to recruit and invite other community physicians to join us at our facility. These attempts have only ended with the enticement of the local hospital to offer additional block time to perform the physicians' procedures there. Even though countless efforts have been tried, physicians have been reluctant to join out of potential retaliation by Berkshire Medical Center.

4. I will attempt to explain the affiliations with the hospital in our area and how they receive referrals. Berkshire is one of the largest employers in Berkshire County. Employees of the hospital have out of pocket copays and deductibles for outpatient services. These fees are waived by the hospital for the employees. . The financial burden that they would assume by opting for our freestanding facility is too much for them. The independent costs that they must face on a day to day basis adding an additional financial burden on them would be, in some cases, a hardship. Due to the Medicare regulations for write-off of co-payments and deductibles this does not allow us to have an equal field of play for obtaining referrals from this group of employees. We at BEC consider this an inducement of care a great dishonor both to us and the hospital which does not allow for freedom of health care choice to their employees which are patients also contained within the health care system. Berkshire has also introduced to the community a direct booking for colonoscopies. This allows the patient and referring physician to make a direct call to a call center for scheduling into Berkshire Medical Center. The choice is not given for the patient to be scheduled at our ASC. Patients are not informed that there is no choice with this direct referral and are encouraged to use the Medical Center as their choice of care. This is a marketing advantage that we are unable to partake of and also cannot counter with a similar campaign involving BEC. The marketing cost would be financial burden considering our net revenues are flat at this time.

5. Decline in volume is consistent with the divisions report. BEC has experienced a decline in volume over the last 3-4 years. We are unable at this time to modify our business plan. Outside factors, such as those explained in the previous answer, make it very difficult to change our way of business. The rising costs of medical supplies along with the declining reimbursement has not allowed for a cost savings. Our average cost per case ranges from $100.00 to $235.00 depending on type of procedure and what supplies are used in the procedure. The

use of additional supplies is not reimbursed by the health carriers and we cannot pass this on to the patient. We would not consider or entertain at this time a buy out of joint venture. Our mission reflects the need to provide a patient with choice in their healthcare decisions. We believe that we provide that choice and will maintain to the best of our ability to allow that healthcare choice to continue for the patient and the community that we serve.

6. Specific actions that we have or are taking are as follows;
    a. Short term, we are continuously trying to recruit physicians to join our practice, but these attempts have been hampered by attempts of the hospital in the area.
    b. Long term, we continue to advocate for changes in state and federal regulatory body. We also attempt to contract with Medicaid and Health New England. Medicaid has informed us that single specialty is not allowed to participate. Health New England refuses to allow us to join their network without explanation. This again limits access for patient choice for their own healthcare needs and subjects them to the only other healthcare facility, Berkshire Medical Center, to obtain care that they require.

7. The types of systemic changes that would be helpful in reducing cost trends without sacrificing quality and consumer access are in our opinion:
    a. Expanded Mass Health contracting to include all freestanding facilities including but not limited to single specialty.
    b. Changes in the DON process that will allow for a level playing field between Hospital Outpatient facilities and Freestanding ASCs.
    c. Reduce the disparity in reimbursement between surgicenters and hospitals for similar services.
    d. Allow ASCs access to all insurance contracts including the health plans of our largest employers.
    e. Produce legislation that prohibits exclusive referral arrangements between hospital employed primary care physicians and their hospital employer.

8. We absolutely believe that the data should be made public.
    a. We support this information which increases transparency, and correspondingly, will increase awareness of the need to consider appropriate site of service for outpatient care. This would allow the public to be made aware of and shed light on the waste which is contained within the healthcare system. Patients then would be free to make choices and compare where they believe their healthcare dollars should be spent. The current system knowingly allows for cross subsidization, and is a disadvantage not only to freestanding ASC's but also public and private insurers, and consumers.

9. Additional cost drivers that we believe in the years ahead would be the necessity to revamp how expiration dates are used on equipment. Many pieces of equipment are stamped with expiration dates when the reality is that these products would never expire due to the material that they are made of. Another is the advancement in equipment that technology that has caused the unnecessary disposal of equipment due to modification that are not necessarily changes the scope of usage by the physician.
10. Finally our observation and recommendations would be to promote the use of ASCs in this state by allowing the leveling of contracting with health insurance companies. Lifting the restrictions of participating providers in the Mass Health system. Change the regulations for the establishing Freestanding ASCs in the state which would allow for the recruitment of physicians both into the state and keeping the physicians within the state to continue practicing without fear of retaliation of reimbursement which directly affects their own income and viability.

Signed under the pains and penalties of perjury,

Veronica O. DeYeso, MD